STOCK PRICES

	As of May 12, 1983	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)	45	46¼	19¾	13
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]	12⅛	15⅞	4⅞	—
Forest City (AMEX)	25	26	11½	—
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]	47¼	47⅝	28½	11
The Home Depot (NASDAQ)	42¾	41¾	7¼	—
Lowe's (NYSE)	23	25	8⅜	30
Pay 'n Save (NASDAQ)	47¾	49	16⅝	—
Pay 'N Pak (NYSE)*	20⅜	21⅜	18¾	16
Payless Cashways (NYSE) [Furrow]	56	55¾	18¾	27
Scotty's (NYSE)	19¼	21⅛	9	20
Southwest Forest Industries (NYSE) [Dunlap's, Knox Lumber]	14⅛	14¾	7¼	—

*as of May 9, 1983.

Over-the-counter stocks

	As of May 12, 1983 Bid	Asked	52-week High (Bid)	Low (Bid)
Erb Lumber	17½	19½	19½	8½
Hechinger	31¼	31⅝	38½	14¼
Home Centers of America[1]	14¼	—	—	—
Hines Lumber	24	25	24½	13
Scotts Seaboard [Scotts]	2	3	2¼	⅝
Wolohan Lumber	8¾	8⅞	9⅝	3¼

[1]Debuted on NASDAQ, May 17, at 6¼.

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Erb Lumber	3/31-1st qtr.	$ 22,507	$ 16,038	40	– $ 218	– $1,208	—
Hines Lumber	3/31-1st qtr.	47,653	32,265	48	4,949	– 7,425	—
Lowe's	4/29-5 wks.	141,700	104,700	35	—	—	—
Scotty's	4/30-4 wks.	32,563	25,622	27	—	—	—

*$ in thousands

Hines sales rise 48% in quarter

CHICAGO—Sales increases from its retail and wholesale divisions aided Edward Hines Lumber in showing a 48% increase in sales, reducing its losses from continuing operations and reporting a net profit in the first quarter, president and ceo Edward Hines said in a shareholders' letter.

He related that sales from continuing operations reached $47.7 million compared to $32.3 million in the first quarter 1982 as a result of "further strength in the do-it-yourself market, improvement in new home construction and favorable weather conditions."

The period's loss from these businesses totaled $550,524, down from a $3 million deficit a year ago.

The company showed a net profit of $4.9 million in the first quarter, compared to a $7.4 million net loss in the same quarter last year, primarily because of a $5.5 million extraordinary gain from better than anticipated operating results from its discontinued manufacturing operations and an adjustment of other disposition reserves.

The reserves were established last year through a special charge to net income of nearly $20 million.

The sale of Hines' Oregon sawmills and Mississippi timber properties was recently completed, providing the company with $30 million in proceeds, about half of which has been used to retire long-term debt.

"The proceeds from the mill sales and the resulting strong financial condition of our company will enable us to concentrate on attaining an attractive level of profitability by strengthening our position as a retailer and distributor of wood-related products," Hines said.

FUTURES

Two weeks ended May 13, 1983

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
March	221.70	191.50	217.20	202.90	310	221.70	151.50
July	230.30	209.40	225.80	217.10	5,243	230.30	158.00
Sept.	229.00	215.30	225.40	223.80	1,986	229.00	163.80
Nov.	227.20	217.30	220.80	225.90	1,658	227.20	168.00
Jan. '84	234.00	223.50	226.50	233.00	476	234.00	179.00
March	240.50	228.80	231.00	240.10	271	240.50	206.50
May	245.50	235.50	235.50	245.50	50	245.50	228.60

Total Contract Vol. (Through 5/13): 38,525 — **Previous Two Weeks: 25,374**
Total Open Interest (As of 5/12): 10,011 — **Previous Week: 11,555**
Cash Price: $220.50 — **Previous Week: $201.88** — **Year Ago: $125.44**

PLYWOOD (CBT)—76,032 sq. ft. ½-in. ext. 4/5-ply; $ per 1,000 sq. ft.							
May	209.00	196.00	209.00	201.00	40	216.40	167.00
July	218.30	200.00	216.00	204.60	1,285	221.00	170.00
Sept.	222.00	203.80	219.00	208.20	726	223.90	185.00
Nov.	222.50	206.80	222.50	211.00	218	226.60	201.50
Jan. '84	223.00	209.50	221.40	214.00	72	223.00	201.20
March	225.00	213.00	225.00	217.00	14	225.00	208.50

Total Contract Vol. (Through 5/13): 3,462 — **Previous Two Weeks: 4,812**
Total Open Interest (As of 5/12): 2,355 — **Previous Week: 2,419**
Cash Price: $203.84 — **Previous Week: $188.16** — **Year Ago: $158.76**

*Figures for Thursday, May 12.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

CALENDAR

June 7
Eastern New York Lumbermens Assn. Spring Meeting, Glens Falls Country Club, Glens Falls, N.Y. 716-325-1626.

July 11-14
79th International Housewares Exposition, McCormick Place and McCormick Place West, Chicago.

July 16-17
2nd Annual Sentry Dealer Market, Municipal Auditorium, Nashville, Tenn.

Aug. 6-7
Ohio Valley Hardware Fall Dealer Market, Executive Inn, Evansville, Ind.

Aug. 12-14
Virginia Building Material Assn. (VBMA) **Summer Management Conference,** Ramada Inn On-The-Beach, Virginia Beach, Va. 804-745-4200.

Aug. 17-20
Wood Moulding and Millwork Producers, Summer Meeting, Broadmoor Hotel, Colorado Springs, Colo.

Aug. 19-21
Retail Lumber Dealers Assn. of Maine, Annual Meeting, Samoset Resort Inn, Rockland, Maine.

Aug. 20-21
Moore-Handley Co., Dealers Show, Birmingham/Jefferson Civic Center, Birmingham, Ala.

Aug. 13-18
38th Annual National Hardware Show, McCormick Place West and McCormick Place, Chicago. 203-964-0000.

Aug. 30-Sept. 2
Automotive Parts and Accessories Assn., 15th Annual Show, McCormick Place, Chicago.

If home center operators will be attending your show, association convention or special seminar, *NHCN* wants to know. Send date, location and schedule to: Calendar, *National Home Center News*, Lebhar-Friedman, 425 Park Ave., New York, N.Y. 10022.

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National
Home Center News ®

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Home-Pro debuts in San Antonio

First Home-Pro Warehouse was opened barely 90 days after company was formed. The sign was not lifted into place until morning of the Memorial Weekend grand opening. NHCN photo

Store rings up $500,000 in 3-day grand opening

By Kenneth Schept
NHCN senior editor

SAN ANTONIO—Barely 90 days after the formation of Home Centers of America, the company launched its first Home-Pro Warehouse with a three-day Memorial weekend grand opening that reportedly reaped sales of more than $500,000 and an average ticket of about $40.

The strong volume and even the store's logo, with diagonal lettering stenciled on a red background, invite comparison with The Home Depot and even House Works, the W. R. Grace operation two Home-Pro executives helped develop before they left Grace to form their own company. However, the differences are as striking as the similarities.

Home-Pro, as the name implies, is more explicitly aimed at the small contractor, remodeler and farmer as well as the homeowner. As Frank Denny, Home-Pro chairman, has noted, a warehouse-type home center could produce $8 million in annual sales and still only break even.

(Continued on page 9)

Customers surround Home-Pro information booth at center of store during special grand opening sale on Friday evening, May 27. Frank Powers, executive vp, merchandising, is on the phone. NHCN photo

NEWSBREAKS

SCOTTY'S FORTIFYING SO. FLA. In a move that will allow the 101-unit chain to open 20 new stores in southeast Florida during the next five years, Scotty's is building a distribution center in Deerfield Beach that should be operational within a year. The 250,-000-sq.-ft. facility will be expandable to 450,000 sq. ft.

INSIDE:

COMEDIENNE PHYLLIS DILLER is pitching Ole's Home Centers as new TV commercial spokesman ..... Page 2
INDUSTRY LOBBYISTS step up their campaign for more permissive resale price maintenance rules ..... Page 2
HUGH M. WOODS stores outside their home Denver market will bear the name Prime home improvement centers .. Page 3
GROSSMAN'S NEW WAREHOUSE outlet displays commitment to both DIYer and builder ..... Page 18

British company developing warehouse chain in Sunbelt

By John Caulfield
NHCN associate editor

PLANO, Tex.—A major new player is entering the fray to develop a warehouse-style home center chain in the Sunbelt.

Bowater North America, a $789 million British-held manufacturing and trade corporation based in Old Greenwich, Conn., has formed a new subsidiary here to open 70,000-plus-square-foot stores across the South.

Bowater North America

The new venture—known as Bowater Home Centers Inc.—now has a management team in place drawn from the pool of talent of some of the largest and most successful chains in the country.

Heading up the new subsidiary as president is Ralph Dillon, former southwest area vp for Wickes Lumber. Reporting to Dillon will be operations vp Jim Sewell, a former divisional manager for Payless Cashways who briefly ran his own stores in the late 1970's, and Robert Shaw, who left his Channel Home Centers position as a merchandise manager to become Bowater's general merchandise manager.

Another Channel vet, Jim Lees, is the new company's controller; Jack Weadock, previously Wickes Lumber's southwest area controller, has been named Bowater's director of planning, and Roger Finnstead, formerly a Payless Cashway's paint and carpet buyer, and Tom Patterson, formerly a hard line merchandise manager for Handy Dan, become the subsidiary's merchandisers.

In a prepared statement, Bowater said it had developed "locational strategies" which would place an as yet undetermined number of stores "in several metropolitan markets in the Sunbelt." In its first phase, Bowater will open "several" home centers in the Southwest over the next 12 months. Dillon would not reveal where these stores would be located, but told *NHCN* that Bowater was looking to develop 70,000-plus-square-foot "no frills" units, and that the first store would begin business by the last quarter of 1983.

Bowater will have its work cut out for it during this initial stage, not only because the corporation—with interests in lumber, building products, paper and pulp manufacturing and transportation—has no track record in the home center industry, but also because it has chosen for its home base one of

(Continued from page 37)

Catalog discounter agrees to buy HomeOwners outlet for $14M

By John Caulfield
NHCN associate editor

COCONUT CREEK, Fla.—Only three months after opening its first 70,000-sq.-ft. store, HomeOwners Warehouse Inc. (HOW) has been sold to the second-largest catalog showroom merchandiser in the country for $14 million.

Service Merchandise Corp., Nashville, Tenn., which last year posted sales of $1.2 billion from 139 showrooms in 27 states, has agreed in principle to purchase the single-unit warehouse-style home center in exchange for 660,000 shares of its common stock, which was trading over the counter for $20.625 per share bid on June 1, the day the agreement was announced.

HOW's president and chairman, Pat Sher, who in May 1982 outlined his plans to develop "a major home center chain," will remain with the company as its chief executive officer. HOW will become a wholly owned subsidiary of Service Merchandise, according to the corporations' president and chairman, Raymond Zimmerman.

He and Sher said the agreement between the two companies would probably be finalized in early July.

Sher indicated that the "opportunity for accelerated growth" was the primary motivation for his selling the company to Service Merchandising, and while he could not yet be specific about the chain's eventual store count, Sher said HOW's expansion would now "far exceed" previous plans of having four stores operating by year's end and 20 by 1988. "That's the reason we made the deal," he said.

And based on Service's pen-

(Continued on page 38)

Depot, House Works in warehouse war

Home Depot launches 2 New Orleans units

By Phillip Perry
NHCN associate editor

NEW ORLEANS—With the opening of two 80,000-sq.-ft. stores here last month, The Home Depot has quickly become entrenched in its first real battle against a major warehouse home center competitor, House Works.

The new outlets—retrofitted Woolco stores in Harahan and Gretna, La.,—represent the Atlanta-based chain's first foray beyond its Atlanta and Florida markets, and currently are the largest in operation. Most of the chain's 12 stores are 70,000 sq. ft.; a 96,000-sq.-ft. store is scheduled to open in Tampa,

(Continued on page 37)

Both Home Depot, with two stores, and House Works, with four, have split their locations evenly north and south of the Mississippi.

NHCNews Briefs

Industry Update

La Puente unit likes 20% discount

GARDENA, Calif.—Homeowners DIY Centers, after a 90-day test, said it will continue its experimental 20%-off pricing format at its La Puente, Calif., store, but won't expand the test chainwide in the immediate future.

Homeowners' La Puente customers have been able to buy merchandise at 20% off regular prices since April 11. Hal Smith, president and ceo, said the test—originally slated to end in July—will now continue indefinitely (*NHCN*, April 25).

During the test's first two months, sales volume at La Puente was boosted "significantly" more than company officials' initial forecasts, Smith said, adding that while taking 20% off all merchandise decreased gross profit margins, additional sales generated increased gross profit dollars.

Homeowners won't expand the discount pricing formula at the chain's other four southern California stores "at this time because they are doing well and there's no reason to" institute it elsewhere, Smith said.

He added that the company is "still developing the warehouse format in La Puente. If and when implementation becomes necessary in the other stores, we will be able to act quickly."

84 Lumber shuts 3 Denver units

DENVER—84 Lumber has closed three stores here in what one chain official termed a "problematic" market for the $600 million chain.

The stores—in Denver, Englewood and Colorado Springs—were shuttered in May along with one unit in Salt Lake City, Utah. The nearly 30 units the chain continues to operate in Colorado, Kansas, Wyoming, Utah and New Mexico will now be supervised by its Arlington, Tex., regional office, with 84 having closed its Denver branch office in January.

The 370-unit chain which is expected to open about 40 new stores nationwide this year, currently has no immediate plans to close its four other Colorado units in Broomfield, Grand Junction, Golden and Glenwood Springs.

"The stores we closed in Denver and Salt Lake were simply not meeting corporate sales and profit goals," said director of advertising Jeanene Tomshay, "and the Denver market has been problematical for us over the past several years. So we felt it better to devote our expansion efforts to markets where our stores are better accepted."

Scott's to sell Seaboard Ply

LINTHICUM, Md.—Scotts Seaboard, parent company of 17-unit Scott's Home and Garden Center in the Baltimore/Washington market, has moved toward concentrating its entire efforts in the home center business after announcing the sale of its wholesale Seaboard Plywood and Lumber subsidiary.

Seaboard, a South Windsor, Conn.-based millwork distributor plans to sell its assets and business to Cardinal Industries, a marketer of lawn and garden goods, stoves and fireplace equipment and accessories, and a seller of institutional soft-service frozen yogurt equipment in southern Connecticut.

The two firms hope to close the sale, for an undisclosed price, on or before July 15.

"We want to concentrate our financial and management resources in Scott's home centers," said Earl R. Halterman Jr., president and ceo of Scotts Seaboard. "This will also help us reduce short-term debt and increase our buying power for the chain."

Scotts Seaboard has expanded its retail holdings in the last two years with the acquisition of seven Frank's Hardware units along with new store openings. Although the Seaboard sale does not necessarily mean more growth for Scott's, Halterman noted that the company is continuing to look for expansion opportunities.

Both Scotts Seaboard subsidiaries have improved their financial pictures lately.

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Vol. 9, No. 13 June 20, 1983

Ole's promo undergoes facelift; Phyllis Diller to pitch DIY image

PASADENA, Calif.—Ole's Home Centers, in a departure from its preference for professional athletes as television commercial spokesmen, is now using entertainer Phyllis Diller for the chain's commercials.

A series of 30-second spots featuring the comedienne offering reasons to shop at Ole's, along with 10-second product doughnuts, debuted in mid-May in the 33-unit chain's California and Nevada markets.

"It's just barely getting off the ground and too soon to judge customer reaction," said Daryl Eagle, who supervises the Ole's account at Los Angeles advertising agency, Davis, Johnson, Mogul and Colombatto. "It's so unusual, we think it is going to take some time for people to give it the recognition it deserves."

DJMC recently acquired the Ole's $2-million-plus broadcast account after Ole's ended its seven-year relation with Wayne E. Smith & Associates this spring.

Bob Mendes, Ole's vp-sales, explained that DJMC "offered us a dramatically different approach to home center advertising," something the chain was seeking.

The commercials are different, right down to Diller's closing line: "With Ole's help, you can do an-y-thing," at which point, she launches into her strident trademark laugh.

"Our attempt is to stand out in the clutter of television," Eagle elaborated. "We don't have Sandy Sigoloff [Wickes chairman who appears in Builders Emporium commercials], but we have Diller."

Eagle said Diller will be featured in approximately 12 different commercials.

Manufacturers risk liabilities, according to RPM court ruling

WASHINGTON—Lobbyists representing hundreds of home center suppliers and other manufacturers have joined Federal antitrusters in urging the Supreme Court to hammer out more permissive legal ground rules governing resale price maintenance conspiracies against chains.

At presstime as least two supplier groups—the 13,000-member National Association of Manufacturers and the National Agricultural Chemicals Association—had intervened on behalf of Monsanto in the pending Supreme Court RPM showdown.

At the same time, Justice Department Antitrust Division officials renewed their drive to resurrect "Fair Trade-style" retail pricing restrictions with a new "friend of the court" brief requesting that RPM no longer be treated as a "*per se*" violation of Federal law.

At the heart of the landmark resale price maintenance case: Monsanto Chemical's refusal to sell to a price-cutting herbicide distributor following complaints from competing wholesalers about the firm's price discounts to retailers.

Two Federal court's have already ruled that Monsanto's termination of the discounter was an automatic or *per se* violation of the long-standing antitrust ban on RPM price-fixing conspiracies.

In appealing those rulings to the Supreme Court late last month, attorneys for Monsanto argued that the wholesaler, Spray Rite, was terminated only because the discounter failed to provide educational assistance and other point-of-sale services to retail herbicide dealers.

The fact that the action was taken only after Monsanto received complaints from other distributors about Spray-Rite's price-cutting was a pure "coincidence," they told the court.

(Continued on page 37)

Wickes cuts 1st qtr. losses to $10 mil.

SANTA MONICA, Calif.—Wickes Cos. reported a loss from continuing operations of $10.1 million and a net loss of $7.8 million for the three months ended April 30.

First quarter sales were $640.5 million. In the same quarter last year, Wickes had a loss from continuing operations of $130.6 million and a net loss of $156.4 million. In the fourth quarter ended in January, Wickes recorded a loss from continuing operations of $17.5 million and a net loss of $15.9 million on sales of $673.3 million.

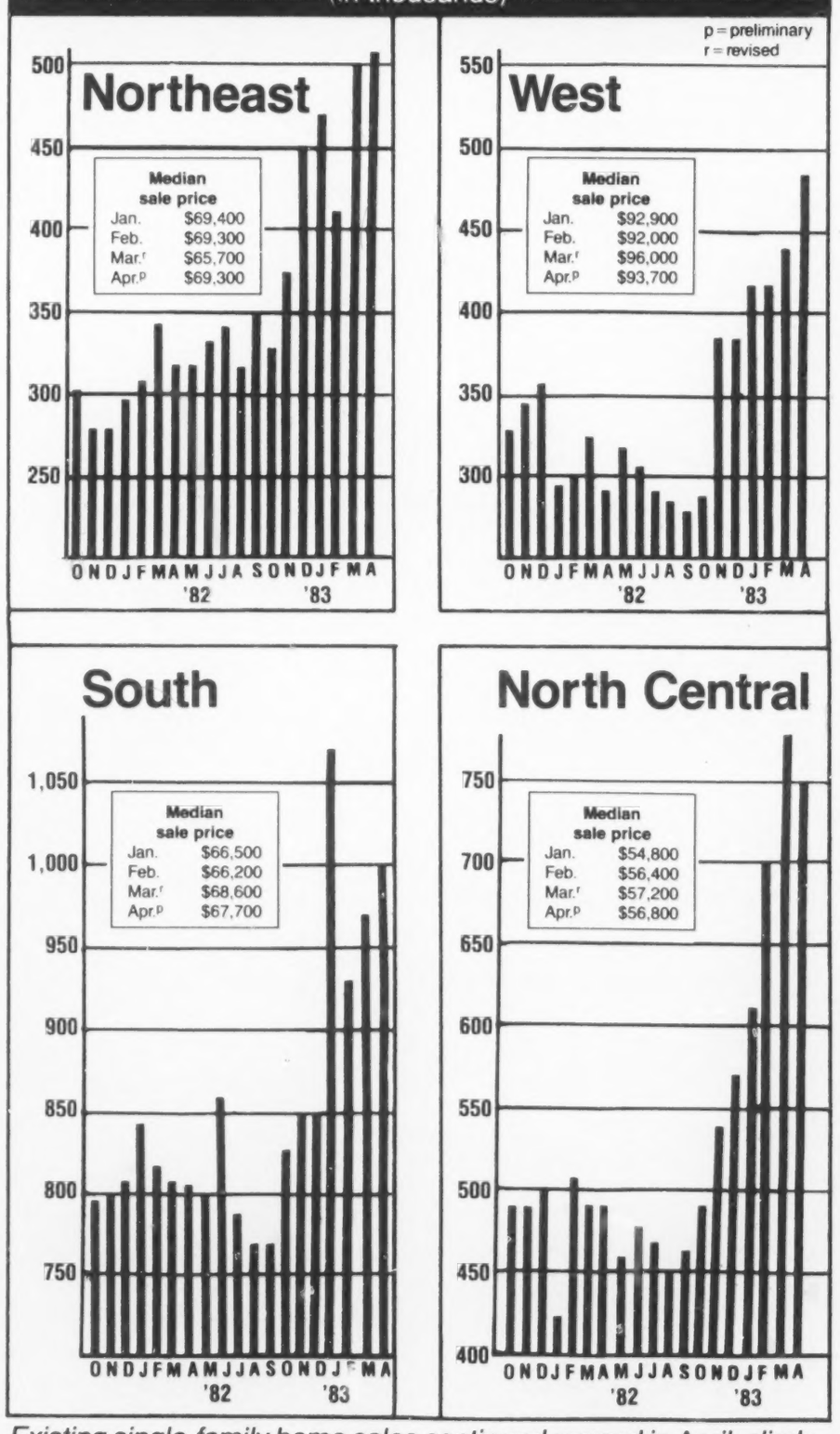
Wickes chairman Sanford Sigoloff said losses were "less than anticipated." He added: "Particularly encouraging is the way our lumber and building materials businesses have begun trending toward recovery." The first quarter is traditionally Wicke's weakest due to the seasonality of its businesses, said Sigoloff.

The quarter's interest expense was $2.2 million, compared with $39.4 million in the same quarter last year. Included in the quarter ended April 24, 1982, was a $52.2 million write-off of debt discount and expense and $8.7 million for store closing reserves.

Wickes has been operating for more than a year under Chapter II of the Federal bankruptcy code. Sigoloff said that negotiations with the company's creditors committees aimed at the development of plans of reorganization "are progressing," but he did not elaborate.

Existing single-family home sales

(in thousands)



Existing single-family home sales continued upward in April, climbing 1.5% from the March level to a seasonally adjusted annual rate of 2.75 million units, according to the National Assn. of Realtors. The April performance marked the highest rate since the 2.91 million unit pace recorded in December 1980 and constituted a 47.8% improvement from the August 1982 cyclical low of 1.86 million units. All regions of the country experienced substantial gains. The largest increase occurred in the North Central region where home resale activity during the first four months of this year was up 47.6% compared to the same period in 1982. Home resale activity was up 46.8% in the Northeast, 24.7% in the South and 11.5% in the West. Nationwide, resale activity for January to April is 31.1% ahead of the same period a year ago.